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UNCONSTITUTIONAL.

Entire Income Tax Law Knocked Out by the Supreme Court.

THE FOUR DISSENTING OPINIONS

Notable for Their Vigorous Arraignment of the Majority.

THEY SAY IT IS REVOLUTIONARY

And May Lead to Grave Results.

Chief Justice Fuller Delivers the Opinion of the Court, Which is an Elaborate Review of the Arguments—A Direct Tax Defined—The Law as a Whole Declared Invalid and Unjust—Justice Shiras Changed His Ground and Cast the Deciding Vote—Justice Jackson One of the Dissenters.

WASHINGTON, May 20.—The income tax law, which has received so large a share of the public attention since the beginning of the first regular session of the Fifty-third Congress, is a thing of the past. After being twice heard in the United States supreme court, it was finally decided by the court to-day to be invalid and unconstitutional. There were four dissenting opinions delivered in these cases to-day—one each by Justices Harlan, Brown, Jackson and White, showing that the court had stood five to four against the law. Inasmuch as one of the dissenting opinions was handed down by Justice Jackson, and as he was absent at the first hearing, when the court divided evenly on the question of sustaining the law on all points except as to the tax on incomes from rents and bonds, it follows that one of the members of the court who at first pronounced for the law, except on these two points, changed his attitude after the second argument. There is very little question that Justice Shiras is the member who revised his views of the law. He, however, made no announcement, either to-day or when the first opinion was delivered, as to his position.

While the opinion of the chief justice was largely a review of the general aspects of the questions involved, he based the action of the court, to-day, upon the argument that the provisions of the law regarding the tax upon rents and bonds were so essential a factor of it as to render all other parts of it dependent upon them, and in accordance with the well-known rule of law bearing on this question, the law as a whole must be declared invalid. The opinion of the chief justice, while receiving the respectful and careful attention and consideration of his auditors, was not the subject of such general remark as were the dissenting opinions of Justices Harlan and White, which were couched in language so vigorous and were so emphatic in their arraignment of the majority as to cause very general comment. Both justices indicated their belief that the ruling opinion was revolutionary, and intimated that serious consequences might ensue. Justice Harlan suggested the necessity for amending the constitution in view of the opinion.

THE CHIEF JUSTICE'S OPINION.

Chief Justice Fuller in delivering his opinion referred to the great importance of the question at stake and then said: "We carefully re-examined these cases with the result, that, while our former conclusions remain unchanged, their scope must be enlarged by the acceptance of their logical consequences."

In regard to the question at issue, the opinion says:

"The constitution divided federal taxation into two great classes—the class of direct taxes, and the class of duties, imports and excises, and prescribes two rules, which qualified the grant of power as to each class. The power to lay direct taxes, apportioned among the several states in proportion to their representation in the popular branch of Congress, a representation based on population ascertained by the census, was plenary and absolute; but to lay direct taxes without apportionment was forbidden. The power to lay duties, imports and excises was subject to the qualification that the imposition must be uniform throughout the United States."

"We are not permitted to broaden the field of inquiry and determine to which of the two great classes a tax upon a person's entire income, whether derived from rents or products, or otherwise of real estate or from bonds, stocks, or other forms of personal property, belongs, and we are unable to conclude that the enforced subtraction from the yield of all the owners real or personal property, in the manner prescribed, is so different from a tax upon the property itself, that it is not a direct, but an indirect tax, in the meaning of the constitution."

"We know of no reason for holding otherwise than that the words 'direct taxes' on the one hand and 'duties, imports and excises' on the other were used in the constitution in their natural and obvious sense; nor in arriving at what those terms embrace, do we perceive any ground for enlarging them be-

yond or narrowing them within their natural and obvious import at the time the constitution was framed and ratified."

The opinion proceeds at great length to review the history of the constitution and its provisions affecting taxation, holding that the constitution prohibits any direct tax, going over the grounds covered in the former decision, and reviewing the arguments of counsel.

The conclusions of the court were as follows:

THE CONCLUSIONS OF THE COURT.

"First—We adhere to the opinion already announced that taxes on real estate, being indisputably direct taxes, taxes on the rents or income of real estate are equally direct taxes."

"Second—We are of the opinion that taxes on personal property or on the income of personal property are likewise direct taxes."

"Third—The tax imposed by sections 27 to 37 inclusive, of the act of 1894, so far as it falls on the income of real estate tax within the meaning of the constitution and on personal property, being a direct one and therefore unconstitutional and void, because not apportioned according to representation, all those sections constituting one entire scheme of taxation are necessarily invalid."

"The decrees entered in this court will be vacated, the decrees below will be reversed, and the cases remanded with instructions to grant the relief prayed."

DISSENTING OPINIONS.

Justice Harlan delivered his dissenting opinion, and in doing so gave utterance to language which attracted very marked attention from those present, because of its directness. After a brief argument against the position of the court construing taxes on incomes derived from rents as a direct tax, he said:

"In my judgment—to say nothing of the disregard of the former adjudications of the court, and of the practice of the government for a century—this decision may well excite the gravest apprehensions. It strikes at the very foundations of national authority, in that it denies to the general government a power which has, or may at some time, in a great emergency, such as that of war, because vital to the existence and preservation of the union. It tends to re-establish a condition of helplessness in which Congress found itself during the period of the articles of confederation when it was without power, by laws operating directly upon individuals, to lay and collect, through its own agents, taxes sufficient to pay the debts and defray the expenses of government, and was dependent, in all such matters, upon the good will of the states, and promptness in making the regulations made upon them by Congress."

"Why do I say that the decision just rendered impairs or menaces the national authority? The reason is as apparent that it need only be stated. In its practical operation this decision withdraws from national taxation not only all incomes derived from real estate, but the personal property of the whole country—invested in personal property, bonds, stocks, investments of all kinds—and the income that may be derived from such property. This results from the fact that under the decision of the court such incomes cannot be taxed otherwise than by apportionment among the states on the basis simply of population. No such apportionment can possibly be made without doing monstrous, wicked injustice to the many for the benefit of the favored few in particular states."

Justice Jackson, at 1:45 began the delivery of his dissenting opinion, and was followed by Justices Brown and White. Justice Jackson said that he regretted that his strength would not permit him to prepare a full opinion. He concurred fully in the opinion expressed by Justice White as the former hearing of the case and would content himself with adding briefly a few points to that opinion.

He could not understand, he said, what difference there was between that class of incomes decided by the court to be within the rule of apportionment and the other classes decided not to be within the rule of uniformity. Nor could he understand how the valid portions could be invalidated because of the unconstitutionality of other portions. If the principle upon which this decision was made, was sound it could be extended so as to render the entire act of 1894 invalid. The two portions of the income tax were wholly separable and to hold that an invalid portion broke down the valid portion, was, he thought, without authority and without law.

No rule or canon, he proceeded, was better settled than that the court should not declare unconstitutional an enactment from the legislative branch of the government unless its repugnance to the constitution was clear beyond a reasonable doubt. He objected to this decision of the court because he thought the court had adopted a wrong method in arriving at its conclusions as to what a direct tax was. In concluding Justice Jackson said in his opinion, the decision was the most disastrous blow ever struck at the constitutional power of Congress. It struck down an important, vital and essential power of the government. It left the government in case of necessity without power to reach by taxation in any form the vast incomes derived from the real and personal property of the country.

"The decision," he concluded, "is a disaster and must be regarded as a public calamity."

Justice White stated his views briefly. From first to last, he said, the opinion of the majority was but a series of contradictory propositions, one eating up and destroying the others.

He spoke of the decision as a blow struck at the American people, and said that the power of laying an income tax now left could only be exercised with such injustice that no legislative body would dare attempt to exercise it, for such an attempt would bring forward a bloody revolution.

WHAT WILSON SAYS.

The Author of the Income Tax Law Takes The News Philosophically and Says It Isn't Very Bad After All.

WASHINGTON, May 20.—"That was as I expected," said Postmaster General Wilson, when the news of the decision was carried to him. "Well, it is not so serious as the general view of it seems to make it. If trade revives and continues to improve as it has of late, there will be revenue enough. From now on increasingly larger amounts of whisky must be taken out under the new law, and this increase will amount

to over \$15,000,000 a year. Taken with the increase of revenue from customs duties, the new tax on whisky will make up the deficit. This month, you see, the internal revenue collections are \$5,000,000, and the tariff about \$7,000,000, while we paid out over \$10,000,000. I think times are improving and the government will have all necessary revenue and the deficit will soon be a thing of the past."

HILL IS PLEASED

At the Decision—He Says It is a Victory for the People.

ALBANY, N. Y., May 20.—Senator David B. Hill was greatly pleased at the decision in the income tax matter to-night, and he took no pains to conceal that pleasure. He is everywhere being congratulated on the decision. Senator Hill said: "The supreme court of the United States is entitled to the thanks of the country for its decision against a law which constituted class legislation; against a statute which sanctioned unequal taxation, and against an enactment which was clamored for only by Populists, cranks and demagogues."

"That court has vindicated its wisdom and entrenched itself in the confidence of the people. Public sentiment was right in demanding that the whole law be set aside, and public sentiment has just triumphed. I never believed it to be constitutional and hence sincerely regretted its unwise and foolish insertion in a tariff reform bill. I voted against it, I spoke against it, and I voted against it."

"If it had been upheld it would have been the entering wedge for the substitution of direct taxes in the place of indirect tariff taxes."

THE ELKS MEETING.

The Supreme Lodge Convenes in Buffalo, New York.

BUFFALO, N. Y., May 20.—The Supreme Lodge R. P. O. E., convened here this morning with a large attendance from all parts of the country.

The afternoon was given over to an executive session in which nothing of special importance was done, except the appointing of the various committees.

Grand Exalted Ruler E. M. Bartlett, of Omaha, was made the chairman of the peace convention, and Emmett F. Fleming, of Buffalo, G. P. Cronk, of Omaha, and W. P. Atkinson, of Erie, were appointed secretaries.

A committee on credentials was elected, followed by the appointment of other committees, on resolutions, permanent organization, rules and finance.

The remainder of the day's session was devoted to the formulating of plans for a re-organization of the society and the election of new grand lodge officers who should be acceptable to each faction. An amicable spirit was manifested by all the members present and the general opinion is that the efforts of the peace convention to restore harmony will be successful.

This evening a social session was held at the lodge room of the Buffalo lodge on Main street.

IT IS SETTLED.

The Manitoba School Question Fixed Without a Clash.

MONTREAL, May 20.—The Manitoba school question, which at one time threatened open rupture between the Catholics and Protestants, is virtually settled through the good offices of Lord Aberdeen. The preliminaries will no doubt be approved at a meeting next week, at which Premier Greenway and Attorney General Sifton, of Manitoba, will be present. The plan is for the Manitoba government to amend the school law providing for Catholic schools but with the addition of half an hour's Catholic religious instruction, three men to be selected by the clergy to form a Catholic school board. The remedial order will be withdrawn.

UNLUCKY TRIP

Of a Parkersburg Rod and Gun Club—One Death and Two Narrow Escapes.

Special Dispatch to the Intelligencer.

PARKERSBURG, W. VA., May 20.—The Unity Rod and Gun club gave an excursion on the steamer Oneida yesterday up the Little Kanawha to the government lock, and returning home a young man named, E. E. Harris, of this city, who was sitting on a wheelbarrow on the cover deck, fell into the river and drowned. His body has not yet been recovered. Another man had an arm broken and another fell into the river twice while intoxicated.

FIRST COLORED SCHOOL

South of Mason and Dixon's Line Thirty Years Ago.

LEXINGTON, Ky., May 20.—To-day is the thirtieth anniversary of the establishment of the first colored school south of the Mason and Dixon line in Lexington, and a singular coincidence is that it was established in the same building over which four years before Captain John Morgan and his prospective raiders hoisted the first Confederate flag in Kentucky to welcome Captain Joe Desha's company at the end of its first day's march from Cynthiana, Ky., to join the southern confederacy.

A SILVER COMPROMISE.

Oklahoma Republicans in Favor of Only American Silver.

SOUTH ENID, O. T., May 20.—The Oklahoma Republican League met in this city to-day, with 230 delegates present, all of the leading Republicans of the territory being in attendance. Ten hours were spent in the discussion of the silver question, and many different opinions were given.

Finally a resolution was adopted declaring in favor of the free coinage of silver at a ratio of 16 to 1 and for a protective tariff on foreign bullion.

Entered Alleged.

LITCHFIELD, ILL., May 20.—The Democratic convention of Montgomery county, held at Hillsboro to-day, selected delegates to the state convention and adopted resolutions endorsing Governor Altgeld's administration and declaring for the free coinage of silver at 16 to 1.

For Free Coinage.

CARLEVILLE, ILL., May 20.—Macopin county Democrats to-day elected delegates to the state convention, and adopted resolutions declaring for the free coinage of silver.

HONEST MONEY.

Secretary of the Treasury Carlisle Opens the Campaign.

FREE AND UNLIMITED COINAGE

Of Silver Would Mean a Flood of Dishonest Dollars.

WORKING PEOPLE WOULD SUFFER

While the Sole Beneficiaries Would Be the Holders of Gold and the Silver Mine Owners—The Real Issue Squarely Met and Clearly Explained—The Act of 1873 Did Not Demonstrate Silver—The History of the So-Called "Crime"—Fallacies and Evils of the Free Silverites Exposed—Honest Money Men Not Enemies of Silver.

COVINGTON, Ky., May 20.—The secretary of the United States treasury, the Hon. John G. Carlisle, opened the discussion of the question of sound money here to-night at Central Garden.

The beginning of the address was delayed by a street demonstration of considerable magnitude. It was 8:25 when Secretary Carlisle, escorted by Congressman Asberry and others, entered the hall. Twenty minutes later Hon. Mr. Asberry introduced the speaker in a brief speech. After a tumult of applause, again and again repeated, Mr. Carlisle began his address.

Secretary Carlisle criticized the management of the treasury under the Harrison administration and then went into the silver question, saying:

"Whether we shall continue to preserve our existing monetary system, under which all the dollars in use, whether they be gold, silver, or paper, possess equal purchasing power in the markets, or provide by law for the free and unlimited coinage of silver dollars containing 12 1/2 grains of standard silver, and make them the units and measures of value in the exchange of commodities and in the payment of debts, is by far the most important question that has been presented for the consideration of the American people during this generation; and that question now confronts us. The free coinage of silver and the substitution of a new unit and measure of value for the existing one in the business transactions of the country is not an ordinary experiment which can be safely tried to-day and abandoned tomorrow if found injurious, because the immediate consequences of such a step would be so far-reaching and so enduring that they would continue to be felt for years after the policy had been reversed. It is incumbent, therefore, upon those who insist upon the adoption of this revolutionary policy to show plainly and conclusively in advance not only that it would result in no injury, but that it would be positively beneficial, for if not positively beneficial the change would at least be wholly useless. This cannot be done by appeals to the excited passions and prejudices of the people, by attempts to array one class of our citizens or one section of our country against another, or by the use of extravagant statements unsupported by facts and reasons. The questions involved are too serious, the interests to be affected are too large, and the common sense of the people is too strong to justify or even excuse this course of treatment."

THE ACT OF 1873.

The allegation, even if it were true, that a great crime was surreptitiously committed in 1873, or at any other time, does not prove, or even conduce to prove, that the free coinage of silver at the ratio of 16 to 1 would be beneficial to the country under the conditions now existing. But, gentlemen, it is true that the act of February 12, 1873, which made the gold dollar the unit of value and dropped the standard silver dollar from the coinage, was passed by stealth, or that its purpose or effect was to deprive the people of the use of any coin then in use or then in existence in this country. That bill was pending in Congress for nearly three years and was under consideration during five sessions of that body; it was distinctly recommended in two reports of the secretary of the treasury and the director of the mint, and it was officially printed and laid on the desks of the members of the house and of the senate thirteen different times before the final vote was taken on it. It was read at length in the open senate several times, and in the house at least once, as shown by the record; it was reported from committees seven times, and the discussion upon it in the house fills sixty-six columns of the Congressional Globe, and in the senate seventy-eight columns. As first reported to the senate and passed by that body in January, 1871, the bill did not provide for the coinage of any silver dollar whatever, but expressly limited the coinage of that metal to subsidiary pieces—half dollars, quarters and dimes. In this form, without any provision for the coinage of any kind of silver dollar, the bill was passed in the senate on the 10th day of January, 1871, upon the call of the yeas and nays, and the record shows that the two senators from Kentucky, Hon. Garrett Davis and Hon. Thomas C. McCreary, the distinguished Democratic senator from Ohio, Hon. Allen G. Thurman; the present senator from Nevada, Hon. William M. Stewart, together with all the other senators from the Pacific slope, voted in the affirmative, while Senator Sherman, Senator Morrill and twelve others voted in the negative. The reason given by Mr. Sherman for voting against the bill was that the senate had, in obedience to the demands of the senators from the Pacific coast, so amended the bill, after it was reported from the committee, as to abolish the charge of one-fifth of one per cent for coining gold, thus making the coinage of that metal entirely free.

NO MYSTERY ABOUT IT.

The bill went to the house of representatives, but it was not disposed of during that Congress, and at the first session of the next Congress Mr. Kelly, of Pennsylvania, introduced it in this house and it was referred to a committee. So far as the coinage of the silver dollar was affected, the bill introduced by him was precisely the same as the one that had passed the senate—that is, it made no provision for such a coin. However, when the bill was finally re-

ported back from the committee to the house it was so amended as to provide for the coinage of a subsidiary piece, to be called a dollar, and to contain 384 grains of standard silver, the same as the French 5-franc piece, and it was to be a legal tender to the extent of five dollars, and no more. In this form it passed the house by a very large majority—in fact, the opposition to it was so weak that the yeas and nays were not even called. The senate struck out the 5-franc subsidiary dollar and substituted for it another subsidiary coin, called the trade dollar, containing 420 grains of standard silver, and provided that it should be a legal tender to the amount of five dollars, and no more. A committee of conference was appointed, the senate amendment was agreed to, and the bill became a law by the approval of President Grant on the 12th day of February, 1873. This brief historical statement of the proceedings, which is fully sustained by the official record, shows that it was well understood in Congress that the old standard silver dollar of 412 1/2 grains was not to be thereafter coined at our mints, and that the only difference of opinion that ever existed, even temporarily, between the senate and house was whether they would substitute in its place a subsidiary coin containing 384 grains, or a subsidiary coin containing 420 grains of silver. No proposition was made in either body to continue the coinage of the old dollar, or to make any silver coin the unit of value or a full legal tender in the payment of debts.

NEVER RECOGNIZED EXISTING CONDITIONS.

The plain truth is that this act of 1873, which has been the subject of so much misapprehension and denunciation, was simply a legal recognition of a monetary condition which had existed in fact in this country for about thirty-five years, or over since a short time after the passage of the coinage act of 1834. From about the year 1838 until after the passage of the Bland-Allison act in 1878, no silver dollars were in circulation in this country, and our whole currency consisted of gold coins and bank notes, except from 1862 to 1878, when our active circulation, outside of California and its neighboring territory, was all paper. There was during the latter period about \$25,000,000 in gold in circulation on the Pacific coast, and the United States was collecting customs dues in gold and using it in the payment of interest on the public debt, but there was no silver in circulation anywhere in this country, not even the light-weight subsidiary coins. The value of the United States note or greenback was always measured by gold and not by silver, and commodities had a gold price and a paper price, but never a silver price, because silver, except the half-dollar, quarters and dimes coined under the act of 1833, had been out of use here for more than twenty years before the commencement of the war, and even these subsidiary coins had not been in use for eleven years prior to 1873. Our own monetary history has already furnished two most striking illustrations of the operation of the natural law under which the coins which are over-valued by statute always drive out of circulation the coins which are under-valued. Our own experience had again demonstrated what the history of the world already showed—that whenever the coinage laws of any country permit the free coinage of both metals with full legal-tender qualities at a ratio of value which does not conform substantially to their intrinsic or commercial ratio in the markets of the world, both kinds of coin cannot be kept in circulation at the same time. The reason is that, both being legal tender, the least valuable coin will always be used in making payments, and will become the sole measure of value, and the most valuable will be hoarded or sent out of the country into the markets where its real value can be obtained.

HISTORY OF THE RATIO.

Our first coinage law was passed in 1792, and it provided for full legal-tender gold and silver coins at the ratio of 15 to 1; that is to say, 15 pounds of silver were to be considered as equal in value to 1 pound of gold, and the weights of the coins were adjusted to that rule. In deciding upon this ratio, neither Mr. Hamilton, who recommended it, nor the Congress which adopted it, supposed they were arbitrarily establishing the relative values of the two metals, for no legislative authority could do that, but it was supposed that they were simply adopting and utilizing in the statute law the existing intrinsic or commercial ratio between them. A brief experience, however, showed that a mistake had been made, and the inevitable result followed. It soon became evident that 15 pounds of silver were not in fact equal in value to 1 pound of gold, and that no matter what words were printed in the statute-book to people in the transaction of their business wholly disregarded the legal ratio and treated the metals according to their relative commercial value, and that they would not exchange 1 pound of gold for 15 pounds of silver, either in coin or bullion, nor use gold coins as money when the amount of bullion in the coin was worth in the market more than the coin itself. In short, silver had been over-valued and gold had been under-valued in the law, and the consequence was that by the year 1812 gold had disappeared from the country, and from that time on until after the passage of the act of 1834 the United States had practically silver monometallism. In May, 1835, President Jefferson stopped the coinage of the silver dollar, and during a period of thirty-one years thereafter not a single standard silver dollar was coined at the mints of the United States; but under the act of 1792; the subsidiary coins were of full weight as compared with the dollar and were legal tender, and these coins, with Spanish dollars, French crowns or 5-franc pieces, and bank notes constituted our circulating medium. Gold having disappeared from circulation, Congress determined, in 1834, to bring it back by changing the ratio. The act of 1834, supplemented by the act of 1837, provided that the legal ratio should be 16 to 1; that is, that 16 pounds of silver in the coins should be equal to 1 pound of gold in the coins, and the effect of this was to drive silver out of circulation and substitute gold in its place, because silver was under-valued and gold was over-valued in the statute.

COULD NOT CIRCULATE TOGETHER.

One pound of gold, coined or uncoined, was not, in fact, worth intrinsically or commercially sixteen pounds of silver, coined or uncoined, and, therefore, the coins of the two metals could not circulate together at that ratio. The authors and support-

ported back from the committee to the house it was so amended as to provide for the coinage of a subsidiary piece, to be called a dollar, and to contain 384 grains of standard silver, the same as the French 5-franc piece, and it was to be a legal tender to the extent of five dollars, and no more. In this form it passed the house by a very large majority—in fact, the opposition to it was so weak that the yeas and nays were not even called. The senate struck out the 5-franc subsidiary dollar and substituted for it another subsidiary coin, called the trade dollar, containing 420 grains of standard silver, and provided that it should be a legal tender to the amount of five dollars, and no more. A committee of conference was appointed, the senate amendment was agreed to, and the bill became a law by the approval of President Grant on the 12th day of February, 1873. This brief historical statement of the proceedings, which is fully sustained by the official record, shows that it was well understood in Congress that the old standard silver dollar of 412 1/2 grains was not to be thereafter coined at our mints, and that the only difference of opinion that ever existed, even temporarily, between the senate and house was whether they would substitute in its place a subsidiary coin containing 384 grains, or a subsidiary coin containing 420 grains of silver. No proposition was made in either body to continue the coinage of the old dollar, or to make any silver coin the unit of value or a full legal tender in the payment of debts.

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ported back from the committee to the house it was so amended as to provide for the coinage of a subsidiary piece, to be called a dollar, and to contain 384 grains of standard silver, the same as the French 5-franc piece, and it was to be a legal tender to the extent of five dollars, and no more. In this form it passed the house by a very large majority—in fact, the opposition to it was so weak that the yeas and nays were not even called. The senate struck out the 5-franc subsidiary dollar and substituted for it another subsidiary coin, called the trade dollar, containing 420 grains of standard silver, and provided that it should be a legal tender to the amount of five dollars, and no more. A committee of conference was appointed, the senate amendment was agreed to, and the bill became a law by the approval of President Grant on the 12th day of February, 1873. This brief historical statement of the proceedings, which is fully sustained by the official record, shows that it was well understood in Congress that the old standard silver dollar of 412 1/2 grains was not to be thereafter coined at our mints, and that the only difference of opinion that ever existed, even temporarily, between the senate and house was whether they would substitute in its place a subsidiary coin containing 384 grains, or a subsidiary coin containing 420 grains of silver. No proposition was made in either body to continue the coinage of the old dollar, or to make any silver coin the unit of value or a full legal tender in the payment of debts.

NEVER RECOGNIZED EXISTING CONDITIONS.

The plain truth is that this act of 1873, which has been the subject of so much misapprehension and denunciation, was simply a legal recognition of a monetary condition which had existed in fact in this country for about thirty-five years, or over since a short time after the passage of the coinage act of 1834. From about the year 1838 until after the passage of the Bland-Allison act in 1878, no silver dollars were in circulation in this country, and our whole currency consisted of gold coins and bank notes, except from 1862 to 1878, when our active circulation, outside of California and its neighboring territory, was all paper. There was during the latter period about \$25,000,000 in gold in circulation on the Pacific coast, and the United States was collecting customs dues in gold and using it in the payment of interest on the public debt, but there was no silver in circulation anywhere in this country, not even the light-weight subsidiary coins. The value of the United States note or greenback was always measured by gold and not by silver, and commodities had a gold price and a paper price, but never a silver price, because silver, except the half-dollar, quarters and dimes coined under the act of 1833, had been out of use here for more than twenty years before the commencement of the war, and even these subsidiary coins had not been in use for eleven years prior to 1873. Our own monetary history has already furnished two most striking illustrations of the operation of the natural law under which the coins which are over-valued by statute always drive out of circulation the coins which are under-valued. Our own experience had again demonstrated what the history of the world already showed—that whenever the coinage laws of any country permit the free coinage of both metals with full legal-tender qualities at a ratio of value which does not conform substantially to their intrinsic or commercial ratio in the markets of the world, both kinds of coin cannot be kept in circulation at the same time. The reason is that, both being legal tender, the least valuable coin will always be used in making payments, and will become the sole measure of value, and the most valuable will be hoarded or sent out of the country into the markets where its real value can be obtained.

HISTORY OF THE RATIO.

Our first coinage law was passed in 1792, and it provided for full legal-tender gold and silver coins at the ratio of 15 to 1; that is to say, 15 pounds of silver were to be considered as equal in value to 1 pound of gold, and the weights of the coins were adjusted to that rule. In deciding upon this ratio, neither Mr. Hamilton, who recommended it, nor the Congress which adopted it, supposed they were arbitrarily establishing the relative values of the two metals, for no legislative authority could do that, but it was supposed that they were simply adopting and utilizing in the statute law the existing intrinsic or commercial ratio between them. A brief experience, however, showed that a mistake had been made, and the inevitable result followed. It soon became evident that 15 pounds of silver were not in fact equal in value to 1 pound of gold, and that no matter what words were printed in the statute-book to people in the transaction of their business wholly disregarded the legal ratio and treated the metals according to their relative commercial value, and that they would not exchange 1 pound of gold for 15 pounds of silver, either in coin or bullion, nor use gold coins as money when the amount of bullion in the coin was worth in the market more than the coin itself. In short, silver had been over-valued and gold had been under-valued in the law, and the consequence was that by the year 1812 gold had disappeared from the country, and from that time on until after the passage of the act of 1834 the United States had practically silver monometallism. In May, 1835, President Jefferson stopped the coinage of the silver dollar, and during a period of thirty-one years thereafter not a single standard silver dollar was coined at the mints of the United States; but under the act of 1792; the subsidiary coins were of full weight as compared with the dollar and were legal tender, and these coins, with Spanish dollars, French crowns or 5-franc pieces, and bank notes constituted our circulating medium. Gold having disappeared from circulation, Congress determined, in 1834, to bring it back by changing the ratio. The act of 1834, supplemented by the act of 1837, provided that the legal ratio should be 16 to 1; that is, that 16 pounds of silver in the coins should be equal to 1 pound of gold in the coins, and the effect of this was to drive silver out of circulation and substitute gold in its place, because silver was under-valued and gold was over-valued in the statute.

HISTORY OF THE RATIO.